

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
-vs-	:	
South Beloit Water, Gas and Electric	:	
Company	:	03-0693
	:	
Reconciliation of revenues collected under	:	
fuel adjustment charges with actual costs	:	
prudently incurred.	:	

ORDER

By the Commission:

On November 12, 2003, the Illinois Commerce Commission initiated this proceeding, ordering a public hearing be held to determine whether Respondent South Beloit Water, Gas and Electric Company's (SBWGE) application of a fuel adjustment charge reflected its actual costs of fuel, gas, power, or coal transportation purchased; to determine whether the purchases were prudent; and to reconcile any amounts collected with the actual costs of fuel, power, and eligible coal transportation "prudently purchased" for the twelve-month period ending December 31, 2003, in accordance with Section 9-220(a) of the Public Utilities Act. 220 ILCS 5/9-220(a). No petitions to intervene were filed.

Notice of the filing of the Respondent's testimony and exhibits was posted in the Respondent's business offices and was published in newspapers having general circulation in the Respondent's electric territories, as prescribed by the Commission's initiating order and its regulations. Initiating Order, at 2; 83 Ill. Adm. Code 255.

After the Commission gave notice as required by the Public Utilities Act and the Commission's Rules of Practice, a Commission administrative law judge conducted an evidentiary hearing in the Commission's in Chicago, Illinois on September 21, 2004. 220 ILCS 5/10/101; and 83 Ill. Adm. Code 200.530. Both the Respondent and Commission Staff were represented by counsel at the hearing. At the conclusion of the hearing on September 21, 2004, the record was marked *heard and taken*.

Sonya Kessinger, a regulatory pricing analyst for Alliant Energy Corporate Services, testified on behalf of the Respondent. Carolyn L. Bowers, an accountant in the Accounting Department of the Commission's Financial Analysis Division, and Greg Rockrohr, a senior electrical engineer in the Electric Section, Engineering Program, of the Commission's Energy Division, testified on behalf of Commission Staff.

Prudence of Purchases

The Respondent filed testimony concerning its electric fuel and electric power purchases, generating station dispatch and electric energy interchange procedures; planning functions and procedures; fuel contract enforcement procedures; transportation planning and controls; and other matters related to fuel purchasing, station dispatch and electric interchange. In a response to a Staff data request, Respondent stated that during the reconciliation period January 1, 2003 through December 31, 2003, the Respondent purchased no fuel and generated no electricity. The Respondent also stated it purchased all of the electricity it delivered to customers from its parent, Wisconsin Power and Light Company, through its electric services contract approved by the Commission in Docket No. 83-0096. Commission Staff did not challenge the prudence of the Respondent's power purchases.

Electric Fuel Reconciliation

The Respondent filed a reconciliation of the Illinois allocation of total revenues collected through its fuel adjustment charge (FAC) with total electric power cost for the reconciliation period January 1, 2003 through December 31, 2003. This reconciliation was attached to Sonja Kessinger's prefiled direct testimony. On July 27, 2004, the Respondent filed supplemental direct testimony that outlined an adjustment to the 2003 allowable purchased power expense. The adjustment affected the 2003 Ro Factor amount from an under-collection of \$21,376, to an over-collection of \$394,232, as shown in Supplemental Exhibit 2.1.

Commission Staff presented evidence that it had conducted a review of the Respondent's FAC reconciliation and had reviewed the Respondent's filings and responses to Commission Staff's data requests concerning revenues collected under the Respondent's fuel adjustment clause and the costs recoverable under the clause. Commission Staff recommended the Commission accept the reconciliation of revenues collected under the FAC with actual costs presented in Kessinger's direct and supplemental direct testimony. Respondent Exhibits 1.0, 1.1, 1.2, 1.3, 2.0, 2.1. Commission Staff also recommended that the Factor Ro refund in the amount of \$394,232 be refunded to ratepayers by the method set forth in the company's 2003 FAC Reconciliation Rider that became effective on July 1, 2004. See ICC Docket No. 04-0413 (June 24, 2004); and SBWGE Tariff No. 7, 111. C. C. No. 7, 6th Revised Sheet No. 7, Canceling Revised Sheet No. 7.

The record establishes the Respondent satisfactorily reconciled the costs of electric power purchased with the revenues received for the power for the 2003 reconciliation period. Nothing in the record suggests that the Respondent's 2003 electric power procurement procedures, practices, and transactions were imprudent.

The Commission, having considered the entire record, finds that:

- (1) Respondent South Beloit Water, Gas and Electric Company, is an Illinois corporation engaged in the distribution of electricity and the distribution of

gas service to the public in Illinois and is a public utility as defined by the Public Utilities Act;

- (2) the Commission has jurisdiction over the Respondent and the subject-matter of this proceeding;
- (3) the recitals of fact set forth in the prefatory portion of the Order are supported by the evidence and the record and are hereby adopted as findings of fact;
- (4) during the January 1, 2003, through December 31, 2003 reconciliation period there was no evidence to indicate the Respondent did not act reasonably and prudently in its purchase of electric power;
- (5) for calendar year 2003, the Respondent has reconciled satisfactorily the costs of electric power purchased with the revenues received for the power during this period. The Respondent experienced a total under-recovery of \$347,759, leaving an over-recovered balance at December 31, 2003 of \$340,396, including prior periods. This balance, when combined with the Factor Ra of \$53,836, results in a Requested Factor Ro refund of \$394,232.

IT IS THEREFORE ORDERED that South Beloit Water, Gas and Electric Company's electric fuel reconciliation of costs actually incurred for the purchase of electric power with revenues received for the power, for the reconciliation period beginning January 1, 2003 through December 31, 2003, set forth in Appendix A, is hereby adopted.

IT IS FURTHER ORDERED that South Beloit, Water, Gas and Electric Company shall refund its customers \$394,232 by the method set forth in its "2003 FAC Reconciliation Rider" that became effective on July 1, 2004.

IT IS FURTHER ORDERED that, subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this order is final; it is not subject to the Administrative Review Law.

By order of the Commission this 21st day of December, 2004.

(SIGNED) EDWARD C. HURLEY

Chairman

South Beloit Water, Gas and Electric Company
FAC Reconciliation

1.	Balance of Factor Ra at December 31, 2002 per 2002 Reconciliation	\$ (196,671)
2a.	Balance of Factor Ro at December 31, 2002	\$ (333,019)
2b.	Unamortized Balance at December 31, 2002	\$ (158,465)
3.	Factor Ro to be Collected/(Refunded) per the 2002 Reconciliation ¹	-
4.	Balance to be Collected/(Refunded) During 2003 from prior periods (Sum of Lines 1 and 3)	\$ (688,155)
5.	2003 FAC Recoverable Costs	\$ 7,054,664
6.	Less 2003 FAC Revenues	\$ (2,105,722)
7.	Less 2003 Base Fuel Cost (BFC) Revenues	\$ (4,601,182)
8.	Under/(Over) Recovery for 2003 (Sum of Line 5 to Line 7)	\$ 347,759
9.	FAC Reconciliation Balance at December 31, 2003 (Line 4 + Line 8)	\$ (340,396)
10.	Balance of Factor Ra at December 31, 2003	\$ 53,836
11.	Unamortized Balance of Factor Ro at December 31, 2003	-
12.	Requested Factor Ro Collection/(Refund) (sum of Line 9 - Line 12)	<u>\$ (394,232)</u>

¹ The 2002 Ro Factor of \$79,638 was implemented in January 2004 and should be included in the 2004 annual reconciliation.